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SUBJECT: FM PETERS TO ADJUST BEHAVIOR AS ELECTION NEARS

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¶1. (SBU) Summary. On April 8, Foreign Minister Winston Peters repudiated the China-New Zealand FTA, widely hailed as the premier foreign policy accomplishment of Prime Minister Helen Clark's Labour Government. Clark was widely criticized when she appointed Winston Peters as New Zealand's Foreign Minister following the 2005 election. Since then, Peters has proved his worth in the role, with accomplishments such as helping to advance the US-NZ bilateral relationship. Fears that the hard-boiled instincts Peters often displays on the domestic political stage would injure New Zealand's reputation aboard have not been realized. However, Peter's high-profile rejection of the China FTA may herald a change in his approach. With elections looming and his party's prospects sagging, Peters will retreat from his ministerial role and become increasingly partisan. Peters will seek to distinguish his party from the Labour Party, which it supports in government, by advocating opposing and possibly hostile views of present policy. This will test his hitherto good working relationship with Clark, despite their mutual professional respect. End Summary.  
Choice of Peters Made Many Nervous

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¶2. (SBU) For many New Zealanders Winston Peters is the embodiment of: an anti-immigration and protectionist populist; a quick-to-anger and bombastic performer; and an enthusiastic baiter of the media. It came as no surprise then that Labour Prime Minister Helen Clark's decision to give Peters the foreign affairs portfolio soon after the 2005 election, thus securing his small party's support for her Government, was received with much derision. The critics claimed that he would be too unpolished and brazen for the world of diplomacy. They argued that the populist politician who had never taken an active interest in foreign affairs couldn't make a plausible foreign minister. Furthermore, they questioned whether it was possible have a minister who is not part of the government (Peters insisted that he would be a minister but not part of the government, a sleight of hand to get around his pre-election promise not to join a coalition). This arrangement, foreign policy experts asserted, would damage New Zealand's international relations and send mixed messages to capitals around the world. The reaction of the opposition National Party at the time of the appointment - that "putting [Peters] as minister of foreign affairs does huge damage to New Zealand's international reputation" - was emblematic of the anxiety many New Zealanders had about having Peters as their country's top diplomat.  
Nerves Settle Over Time

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¶3. (SBU) As Peters warmed to his task as Foreign Minister, however,

such doubts began to subside. Despite predictions to the contrary, Peters has caused no ugly scenes, offence or uncertainty in foreign capitals. Nor has he damaged New Zealand international reputation abroad. There has been the odd spot of trouble on his watch. He got offside with Clark in February 2007 when he said Iraq would slide "into total chaos" if the US withdrew. He also got into a public row with journalists in the office of Senator John McCain in July 2006. Such misdemeanors, however, have not been repeated.

#### Personal Attributes Shape Peters' Role

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¶4. (SBU) Clark has helped to alleviate these uncertainties by shrewdly maximizing Peters' personal strengths. She has tasked him with duties that accentuate his strong suits: public-profile meeting and greeting, flying the New Zealand flag, and building personal relations with foreign leaders. Peters is neither a details man nor an enthusiastic consumer of lengthy briefing literature. Nonetheless he, along with senior minister Phil Goff who is a details man, actively contributes to policy development. But ultimately, it is Clark who commands New Zealand's foreign policy. She was, after all, nominated by one of New Zealand's leading political commentators as New Zealand's "finest foreign policy Prime Minister."

#### Praised as Key Goals Realized

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¶5. (SBU) Peters identified two main aims for himself when he took up his new post: to improve relations with the United States, and to do more in the Pacific. Measured against those two standards, Peters has succeeded, probably beyond his or anyone else's expectations. The US-NZ relationship has clearly deepened since Peters became Foreign Minister. The particular strength that Peters brings to the bilateral relationship is his aptitude for personal diplomacy. He is credited in New Zealand for crafting an amicable working bond with Secretary of State Rice, a relationship that former New Zealand ambassador to the US John Wood described it as a

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"more than useful" relationship. Peters' warm relationship with Ambassador McCormick has also been acknowledged as a positive influence on the bilateral relationship. Although the upward trend in the relationship was visible before Peters' became Foreign Minister, the majority view is that he has made a special contribution to improving relations with the US and justly deserves credit.

¶6. (SBU) In the Pacific, Peters has industriously sought to either establish or strengthen relationships with a range of Pacific leaders. He has a genuine commitment to the region, one in which he feels particularly at home. (Note. He often holidays in a South Pacific and is especially fond of the Cook Islands, to which he appointed as New Zealand's High commissioner his former party colleague Brian Donnelly in February. End Note.). Peters has set out to remind larger countries what New Zealand is doing in the Pacific and how important the Pacific is. It was Pacific politics, in fact, that prompted what was perhaps his boldest individual initiative to date. In November 2006, Peters brokered a meeting in Wellington between then Fiji PM Laisenia Qarase and chief of the Fiji Defence Force Frank Bainimarama to try to avoid the coup Bainimara was threatening. Although Peters' attempt to avert another Fijian coup was ultimately unsuccessful, he nonetheless received praise for his efforts. Moreover, despite the claims of some observers that success was probably beyond Peters' or New Zealand's power to prevent the coup, he did as well as any person could possibly do to dissuade Bainimarama.

¶7. (SBU) Peters has also been praised for his efforts avowedly in support of the U.S. to persuade the North Korea regime to implement their obligations under the Six Party process and to disestablish their nuclear capability. Most recently, he has won kudos for securing a significantly enlarged budget for his ministry (Reftel: Wellington 141).

#### Mindset Shift to Domestic Politics

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¶8. (SBU) Another reason why many of Peters' critics have largely been silenced is his ability to change styles between his foreign

affairs and his domestic political duties. The fear that the harder edged instincts he regularly exhibits on the national stage would cross over to the international stage has not come to pass in any significant way. Peters has successfully de-linked his two professional identities, as a politician he is frequently bombastic and gaudy; as a diplomat he is more measured and, well, diplomatic.

**¶19. (SBU)** However, as the election grows closer and he focuses his attention more on domestic rather than international concerns, his political persona will become increasingly dominate. As minister he must spend long periods overseas while at home his party stagnates (his New Zealand First Party is presently very low in the polls). This problem becomes more acute in election year. Peters, however, knows how to revive it. He will drastically reduce his foreign travel and ramp up the populism. He also knows that working the diplomatic circuit overseas will not easily translate in votes at home so he will look to other ways to revive his sagging political fortunes.

To Back Away from Labour as Election Nears

**¶10. (SBU)** The relationship between Peters and Clark has thus far been professional and mutually respectful. She has supported him, and he has supported Labour. But as the election grows nearer this relationship will likely be tested as Peters seeks to differentiate his party from an unpopular Labour Party by becoming increasingly politically independent, perhaps even openly hostile, to current policy. With his political future at stake, Peters will inevitably try to distinguish himself on one or two issues, promising to keep National and Labour honest, and get enough party votes to get over the five percent barrier needed to secure a return to parliament. (Note. Most pundits believe that Peters is unlikely to win back the electorate seat he lost in 2005, another way of returning to parliament, and will instead focus on getting his party above the five percent threshold to win one or more seats on the proportional party list. End Note).

**¶11. (SBU)** One issue Peters is expected to address in order to distinguish himself from Labour is immigration. Peters' party deputy, Peter Brown, has already called New Zealand's growing Asian population forecast "horrible" and has also criticized New Zealand's "open immigration policies." Attacking the strength, of lack thereof in his view, of the Government's immigration policy has garnered support for Peters in past elections, and he is expected to repeat

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the dose for the upcoming election. Clark, as a liberal social democrat, particularly despises anti-immigration electioneering campaign theme.

The Rise of Peters the Protectionist

**¶12. (SBU)** As Foreign Minister, Peters presides over a Ministry of Foreign Affairs and Trade that, under Trade Minister Phil Goff, enthusiastically advances the causes of trade liberalization and globalization. As politician, however, Peters is an economic nationalist who has long argued that trading with low-wage economies, like China, jeopardizes New Zealand jobs and industries. His recent criticism, therefore, of the FTA with China came as no surprise. Although support for the China FTA is growing among New Zealanders, some are still harbor concerns about the impact the deal might have job security. In an effort to appeal to these concerns, as the election approaches Peters will make his protectionist leanings more prominent and refer often to his doubts about the quality of the FTA with China. Peters' began expressing his opposition to the China FTA as soon as it was signed, and his stance revived criticism of Peters' minister-outside-of-government status and the freedom it allows him to speak out against certain Government policies. Although Clark has largely weathered Peters' opposition to the China FTA and the media criticism for allowing him to do so, she should expect more of both during the election campaign.

Comment: The Master Chameleon

**¶13. (SBU)** Overall, Peters has proved to be an adept and disciplined Foreign Minister. As minister he has been ready to listen to MFAT, according to his political Chief of Staff, but also keen to propose and advance initiatives of his own. But as a party leader he can also go tub-thumping and bombastic. His

minister-outside-of-government status, although somewhat controversial, has become a rock solid device that allows Peters live a political double life without damaging his party's relationship with Labour. However, if he repeats the themes of previous campaigns and inflammatory rhetoric of past electioneering, as expected, that double life will be put to the test. The major point of distinction here is that in past elections he was not 'part' of any Government. No Labour minister could get away with what Peters gets away with, such as his open hostility towards the trade deal with China; some have been dumped for far lesser transgressions. Clark has valued loyalty above all else in her government, and it is an open question how far Clark will let Peters attack Government policy as election time draws near. Two key factors will, however, moderate any breach of the Peters-Clark relationship: she needs to keep his party's support to govern; she knows he is also being mooted by National as a possible governing partner and Foreign Minister. Nonetheless, there are likely to be some awkward moments for Peters as he gradually shifts from his ministerial role and revives his populist theatrics in order to actively distinguish his party from Labour. He will need every political skill he's gleaned or honed to make it work. However, if there is one New Zealand politician capable of doing this it is Winston Peters. End Comment.

McCormick